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Department of Finance

News Release

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Release of *The Fiscal Monitor*

The Honourable Jim Flaherty, Minister of Finance, today released *The Fiscal Monitor* for October 2007.

Highlights

October 2007: budgetary deficit of $2.7 billion

There was a budgetary deficit of $2.7 billion in October 2007, compared to a surplus of $0.5 billion in October 2006. The October 2007 results include a $2.5-billion adjustment to revenues to include the cost to date of personal income tax measures announced in the October 30, 2007 Economic Statement. These measures consist of the reduction in the lowest personal income tax rate from 15.5 per cent to 15 per cent and the increase in the basic personal amount to $9,600, both effective January 1, 2007. Budgetary revenues were down $1.7 billion, as a decline in personal income tax revenues from this adjustment was partially offset by gains in corporate income tax revenues and other revenues. Program expenses increased by $1.7 billion, or 11.3 per cent, reflecting increases in transfer payments and departmental operating expenses. Public debt charges decreased by $0.1 billion.

April to October 2007: budgetary surplus of $6.6 billion

For the first seven months of the 2007–08 fiscal year, the budgetary surplus is estimated at $6.6 billion, up $0.2 billion from the $6.5-billion surplus reported in the same period of 2006–07. Budgetary revenues increased by $6.8 billion, or 5.3 per cent, largely driven by strong growth in corporate income tax revenues and non-tax revenues. Program expenses were up $6.9 billion, or 6.8 per cent, due to higher transfer payments and departmental operating expenses. Public debt charges were down $0.3 billion.

The Fiscal Monitor is a monthly document that provides highlights of the federal government's fiscal performance, including monthly revenues, expenses, the budgetary balance and the financial source/requirement.

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